

# Recent Trends in United States Export Trade

**T**HE foreign trade returns for recent months reveal a number of abrupt changes in both the composition and destination of United States exports, but they do not show any significant increase in the export totals which can clearly be attributed to the war in Europe. This is probably due to the character of the war to date; if and when the war enters a more destructive phase a larger volume of exports from this country may still reasonably be expected. It is, nevertheless, a fact that the expectations of greatly enlarged foreign sales, which formed the basis for the unusually rapid acceleration in domestic business since August, have not been realized. On the other hand, dislocations arising out of shipping and other difficulties have not restricted trade as they did immediately upon the outbreak of war in 1914.

## Exports Rising Since June.

In the 3-month period from September to November exports were 17 percent higher than in the same period of 1938. (See table 1.) This fact might at first appear to be attributable to the war. In making the comparison with 1938, however, it must be recalled that that year was one of falling foreign demand for

our goods, as is evident in figure 8. Our exports this year were already showing a rising tendency before the outbreak of the war, and have been higher than last year in every month since June. The direct requirements of intensified foreign rearmament programs and the expansion of industrial activity abroad resulting from them both contributed toward an increase of foreign demand for American goods. If the comparison is made with 1937, exports from September to November of the current year have fallen slightly. From these facts it might be assumed that the war had little effect upon our export trade and that the increase over 1938 reflects merely the continuation of an upward movement which was already under way. Analysis of the detailed figures demonstrates, however, that the war has affected both the commodity and the geographic distribution of shipments from this country.

Comparative data for the September-November periods of 1938 and 1939 show that the 17 percent advance in exports was entirely the consequence of increased exports to the European neutrals and to countries outside Europe, as is shown in table 1. Purchases of United States merchandise by the Scandinavian

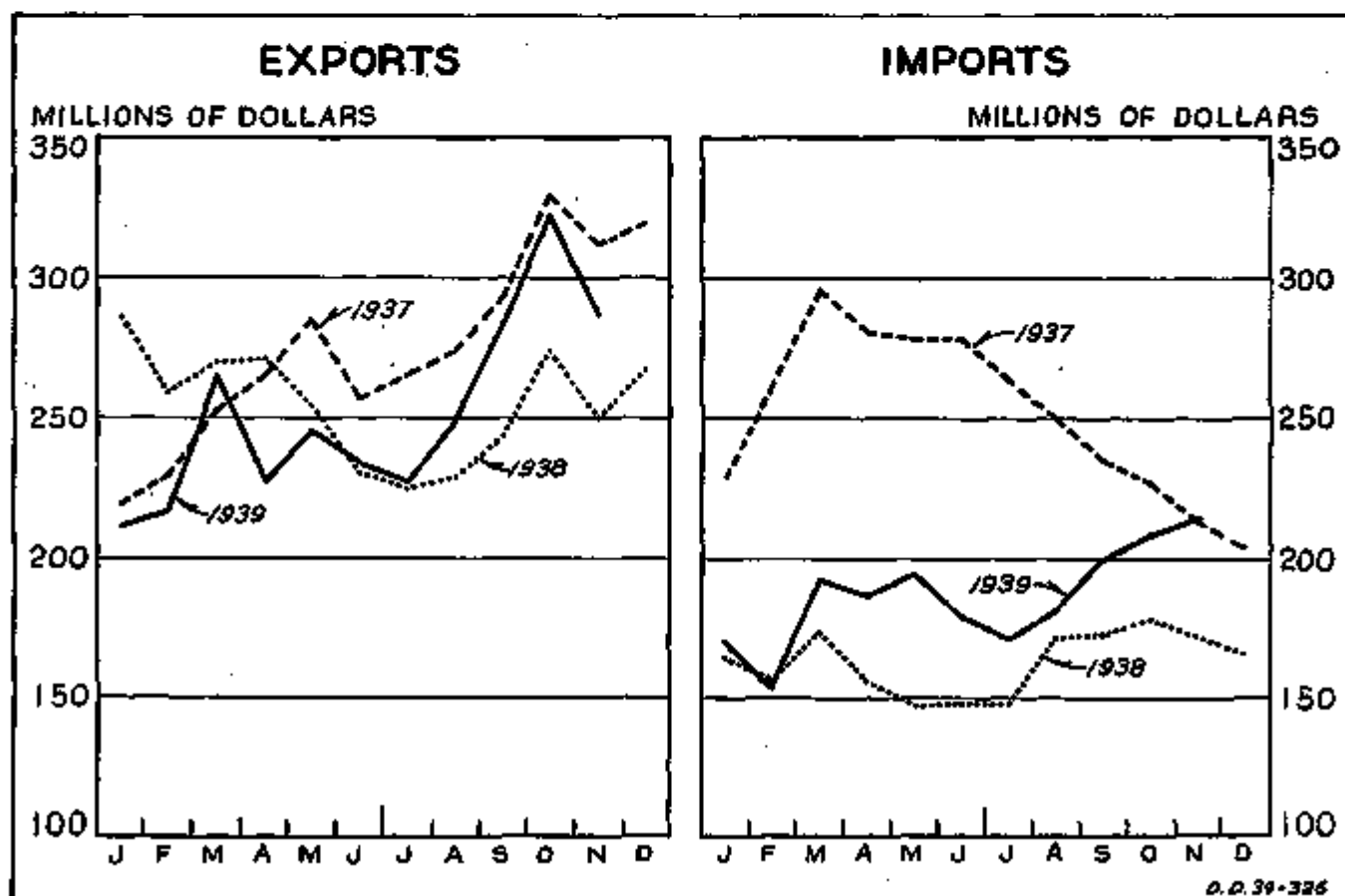


Figure 3.—Value of United States Exports of Merchandise, and Imports for Consumption, Calendar Years 1937-39 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

countries rose by no less than 70 percent over 1938; those by Canada and other northern North American countries increased approximately 42 percent and for Latin-American countries the gain was 40 percent. Direct shipments to Germany, relatively small in recent years, fell almost to zero. An increase to the United Kingdom and France, however, has not materialized. Exports to the United Kingdom declined somewhat and those to France increased slightly, as compared with 1938; both were far below the same months of 1937.

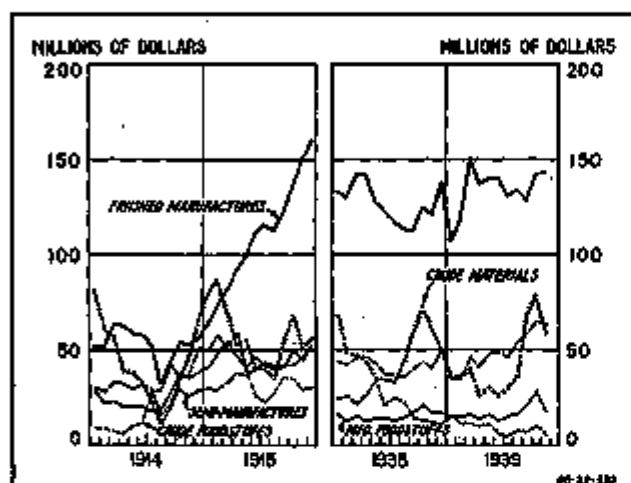


Figure 4.—Value of United States Exports of Merchandise, by Economic Classes, Calendar Years 1914, 1915, 1938, and 1939 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

Our exports to these two countries together were in fact lower than in the corresponding period of any year since 1934. The sharp divergence between actual developments and the widely held anticipations of increased sales to the European Allies is brought out even more clearly by the movement of exports within the 3-month period. Shipments to the United Kingdom fell from 60 million dollars in September to 31 million dollars in November; a substantial decline occurred in all but one minor group of commodities.

Of the gain in total exports over 1938, approximately one-third was accounted for by higher cotton shipments. (See table 1.) Cotton exports in 1938, however, were unusually low; exports in 1939, despite the operation of the cotton-export program were still below those of 1937. Large wartime demand for pork products and dried fruits failed to materialize, while the demand for fresh fruits and tobacco was curtailed even more rapidly than at first seemed likely. Tobacco exports fell from 65 million dollars in September–November, 1938, to 17 million dollars in the same period of 1939, as a result of the sharp decline in British purchases. In the first 2 months of hostilities, the quantity of farm products, other than cotton, exported to France, Germany, Poland, and the United Kingdom, was 61 percent less than in September and October of last year. Foreign purchases of nonagricultural commodities on the other hand, showed significant increases over 1938, but this was the case in every month since

April. The expansion since the outbreak of war occurred in foreign purchases of metals and metal manufactures, chiefly iron and steel-mill products, non-metallic minerals, mainly coal and petroleum products, machinery, and chemicals. Our exports of aircraft, parts, and accessories also increased in spite of a decline in October. Foreign purchases of United States automobiles, including parts for assembly abroad, on the other hand, fell nearly 10 percent from 1938 and were nearly 35 percent below exports in the same period of 1937.

These developments are in many ways different from those of the first few months of the World War, par-

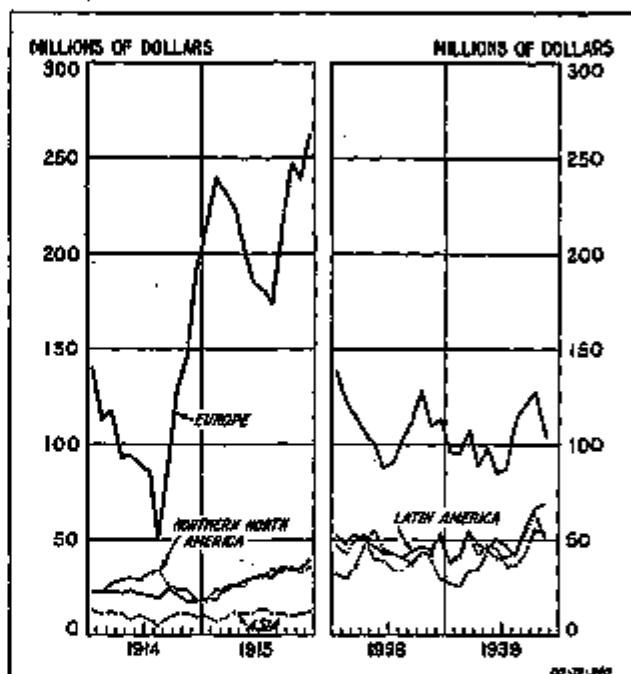


Figure 5.—Value of Total Exports (Including Reexports) By Geographic Areas, Calendar Years 1914, 1915, 1938, and 1939 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

ticularly with respect to exports of agricultural commodities. In 1914 it was the cotton trade which was most severely affected by the first dislocations resulting from the outbreak of hostilities. Shipments of grain and foodstuffs, as given in figure 4, showed an early rise, although this was in great part a result of the fact that Canadian and Australian wheat production was small while the United States enjoyed a record crop. Foreign purchases of finished and semifinished articles increased sharply in September and October of 1914 as they did in 1939. In 1914, however, they had been declining prior to the outbreak of war and in the September–November period of 1914 they were still lower than in 1913. Thus the World War reversed a downward movement whereas the present war began at a time when exports of semifinished and finished manufactures were already higher than in the preceding year. As may be seen in figure 5 the two periods differ also in the fact that exports to non-European areas did not expand immediately in 1914 as they have in 1939.

Table 1.—Exports of United States Merchandise, by Economic Classes, by Principal Commodities, and by Regions, September, October, and November, 1938 and 1939

(In thousands of dollars)

Item	September		October		November		3 months ended November	
	1938	1939	1938	1939	1938	1939	1938	1939
<b>Class and Commodity</b>								
Total, U. S. Exports.....	263,493	284,541	274,069	323,168	249,544	283,391	767,468	894,092
Agricultural products.....	75,194	74,679	85,041	65,847	75,009	83,872	235,764	234,298
Nonagricultural products.....	188,299	209,862	189,118	257,321	174,535	199,519	531,704	659,794
Crude materials.....	59,685	66,847	72,125	78,449	60,847	68,818	191,577	203,814
Foodstuffs, crude.....	14,354	7,477	12,501	10,215	12,045	6,888	38,800	28,078
Foodstuffs, manufactured.....	17,184	21,809	28,778	27,547	17,429	17,873	58,330	66,136
Manufactures, semi.....	40,224	48,983	44,488	64,637	35,003	60,300	124,424	186,730
Manufactures, finished.....	112,577	129,418	124,203	142,414	122,603	142,716	387,148	414,546
Animals and products, edible.....	4,083	6,258	6,880	6,784	6,198	6,004	19,181	19,723
Meats and lard.....	3,849	4,298	3,909	3,806	4,803	3,749	11,861	11,545
Animals and products, inedible.....	2,789	2,788	3,005	4,969	2,711	4,257	8,776	11,938
Leather.....	683	1,204	1,104	1,008	906	1,628	2,948	4,333
Leather manufactures.....	862	807	898	778	746	1,374	2,437	3,880
Vegetable food products and beverages.....	25,261	21,742	26,341	26,886	23,225	16,671	74,327	69,189
Corn.....	4,788	1,121	2,308	2,222	3,130	787	10,294	5,130
Wheat and wheat flour.....	4,086	4,270	4,831	3,604	4,474	3,878	12,543	10,932
Canned vegetables.....	270	417	437	648	440	379	1,065	1,433
Fruits, dried and canned.....	5,914	6,749	7,718	10,835	6,025	3,445	19,423	21,093
Fruits, fresh.....	4,425	2,239	4,487	2,899	4,048	2,287	13,674	7,794
Vegetable products, inedible.....	28,481	18,984	38,541	18,621	24,735	19,008	69,767	64,082
Automobile casings.....	886	1,476	1,894	1,699	866	2,384	3,245	5,438
Leaf tobacco (bright flue-cured).....	21,002	6,493	27,001	4,823	15,665	3,874	45,168	17,238
Textile fibers and manufactures.....	27,941	40,141	35,718	50,696	23,128	41,689	95,777	146,026
Raw cotton.....	20,267	28,193	22,747	45,781	24,818	30,228	68,017	112,172
Wood and paper.....	6,842	6,068	7,394	6,887	6,854	8,077	21,330	27,093
Sawmill products.....	3,180	3,788	3,174	3,822	2,693	2,789	9,838	9,869
Nonmetallic minerals.....	40,437	61,379	43,751	62,771	38,126	45,404	121,416	149,644
Coal.....	6,163	6,644	6,899	8,326	5,444	8,294	18,383	27,218
Petroleum and products.....	28,527	34,526	32,211	38,018	29,011	31,261	83,089	108,209
Crude petroleum.....	8,160	6,071	9,568	6,011	7,886	8,023	28,308	24,705
Metals and manufactures.....	28,844	41,248	31,727	48,046	20,270	32,214	69,901	138,926
Iron and steel-mill products, total.....	18,186	20,448	14,900	22,820	18,499	27,868	48,204	74,091
Iron and steel scrap.....	1,753	4,608	6,188	6,068	3,962	6,093	6,903	16,718
Ferro alloys.....	1,751	2,072	2,365	2,600	916	2,262	6,008	8,843
Aluminum, except manufactures.....	280	3,226	85	1,176	371	2,838	674	5,462
Copper, refined.....	7,843	6,833	6,204	6,888	5,090	8,421	20,270	20,783
Machinery and vehicles.....	67,178	61,868	62,701	66,962	68,751	67,942	185,640	184,740
Machinery, total.....	26,659	40,143	38,432	42,816	34,791	28,637	109,798	121,696
Electrical machinery and apparatus.....	7,288	8,093	8,180	9,556	7,835	9,725	24,423	27,478
Power-generating machinery.....	814	1,114	1,198	1,126	1,121	1,245	3,221	3,486
Construction and conveying machinery.....	1,814	1,768	1,923	1,965	1,306	1,265	5,130	5,198
Metal-working machinery.....	8,908	9,080	7,840	6,885	5,348	6,051	21,592	28,596
Tractors and parts.....	4,358	4,358	4,358	4,358	3,183	2,019	11,323	11,662
Automobiles, parts and accessories.....	14,171	12,457	17,585	15,000	24,417	19,376	68,091	51,227
Motorbuses and buses.....	5,780	2,802	4,676	4,681	4,689	4,689	14,453	11,892
Passenger cars.....	1,315	3,778	6,718	5,842	11,320	4,241	20,858	14,801
Parts for assembly.....	2,949	2,717	2,164	3,323	4,743	4,468	8,608	11,007
Aircraft.....	4,643	6,862	4,957	8,025	4,188	5,700	12,795	17,937
Chemicals and related products.....	11,407	16,091	10,357	19,771	10,648	15,772	35,894	63,164
Industrial chemicals and specialties.....	5,067	7,845	6,884	8,440	4,415	6,012	14,888	24,417
<b>Region and Country</b>								
Europe, total.....	111,711	116,880	120,770	124,319	106,174	101,923	347,685	345,772
European belligerents:								
France.....	11,117	12,119	12,206	13,280	13,540	13,198	36,583	37,828
Germany.....	17,725	688	11,730	40	12,309	2	43,264	628
United Kingdom.....	48,846	60,080	66,584	51,941	42,489	36,979	147,028	142,830
Other Europe:								
Belgium.....	4,404	5,328	7,028	4,858	4,358	5,472	17,787	15,847
Netherlands.....	4,635	6,861	5,539	6,768	5,810	12,712	21,740	31,511
Denmark.....	1,348	2,015	2,286	2,978	2,701	2,928	5,741	7,519
Finland.....	727	1,215	1,546	1,654	1,796	1,914	3,661	4,590
Norway.....	1,428	4,172	2,245	6,884	1,787	2,576	5,640	12,741
Sweden.....	2,617	2,062	8,380	15,795	6,480	8,680	18,737	29,646
Union of Soviet Socialist Republics.....	6,636	1,785	2,042	5,455	4,071	7,427	12,443	14,267
Italy.....	4,096	4,318	6,306	6,222	5,082	6,948	14,437	16,088
Rumania.....	448	109	391	39	380	1,469	1,319	1,724
Spain.....	882	3,370	886	2,017	938	2,914	2,655	3,800
Northern North America, total.....	55,553	51,701	48,785	60,668	27,838	49,319	114,264	181,689
Canada.....	34,596	30,190	30,580	59,578	27,450	49,999	112,134	182,185
Latin America, total.....	41,447	53,880	46,370	65,238	44,328	67,785	132,148	198,872
South America, total.....	20,814	26,683	22,589	32,663	21,183	29,016	64,846	90,382
Cuba.....	6,178	9,199	6,622	10,249	6,680	7,317	18,228	27,286
Mexico.....	4,227	5,804	4,197	8,378	5,000	4,494	12,424	22,312
Neighboring West Indies.....	5,790	4,419	4,108	3,678	3,097	1,956	10,863	10,833
South America, total.....	22,532	26,174	22,509	32,588	22,183	28,709	68,304	88,610
Argentina.....	5,928	4,928	6,017	6,931	6,784	9,842	18,728	21,781
Brazil.....	4,831	5,080	5,328	8,514	5,124	10,571	15,283	25,045
Chile.....	1,900	2,016	2,123	2,641	1,723	5,002	5,751	8,283
Colombia.....	3,324	4,977	3,154	4,074	3,078	4,574	10,407	12,426
Venezuela.....	4,632	5,042	3,404	5,591	3,484	6,985	10,985	16,432
Asia, total.....	28,397	43,123	43,132	45,686	41,506	53,227	122,324	132,215
China, including Hong Kong and Kwantung.....	4,333	6,930	3,804	7,117	4,880	6,471	12,923	10,527
Japan.....	10,781	19,306	10,449	20,394	19,134	20,217	69,394	67,826
Philippine Islands.....	7,051	7,222	7,480	11,873	8,653	7,884	23,180	27,405
Oceania, total.....	6,713	7,282	7,728	6,726	7,044	6,156	21,466	19,247
Australia.....	4,238	6,090	6,372	6,428	4,988	4,280	15,176	16,840
Africa, total.....	7,884	8,055	10,285	10,368	9,860	8,979	28,033	28,289
Union of South Africa.....	4,419	6,271	6,685	6,000	5,459	5,790	16,573	17,088

1 For purposes of comparison, trade with Austria, Czechoslovakia, and Poland are included with that for Germany in all periods shown.

The time which was required before our exports felt the full impact of the World War is likely to be for-

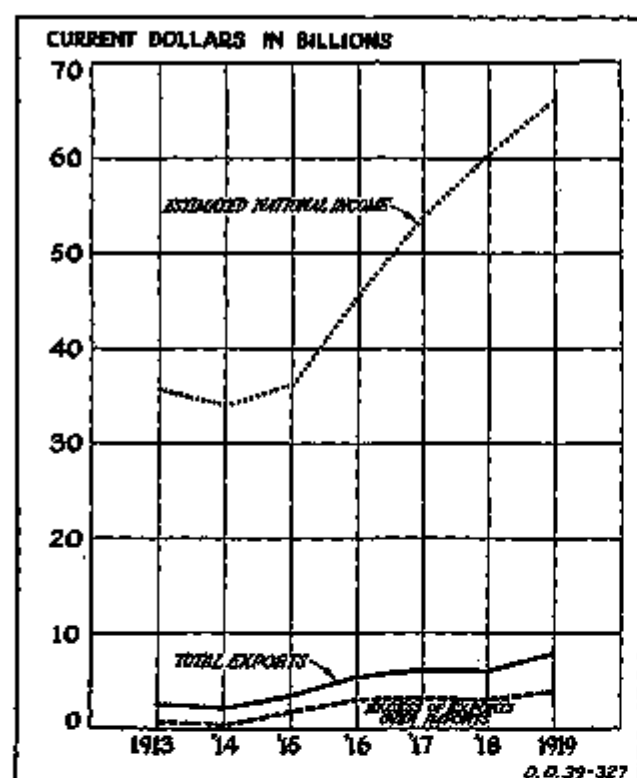


Figure 6.—National Income, Total Exports, and Net Exports, Calendar Years 1913-19 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

gotten. The War tends to be remembered as a single episode which resulted in a tripling of our exports between 1914 and 1918. It will be recalled that under the stimulus of expanding exports, industrial production, commodity prices, and the national income increased to high levels. (See figs. 6 and 7.) The memory of this enormous expansion appears to have been the primary factor in the wave of buying and the sudden expansion of business activity which began in September. Although the decline in shipments to the United Kingdom and the failure of total exports to expand more than they have are at variance with the expectations which played a major part in the September expansion, these developments appear to be quite consistent both with the changed position of the United States as a supplier of food and raw materials, and with the economic policies of the Allies.

In recent years nearly two-thirds of exports from the United States have consisted of finished and semi-finished manufactures. (See table 2 and fig. 8.) Crude materials comprise about a fourth of all exports, with crude and manufactured foodstuffs making up the remainder. Before the World War, on the other hand, crude materials, principally cotton, constituted one-third of our exports while foodstuffs amounted to about one-fifth. Finished and semifinished manufactures comprised less than one-half of our exports.

These differences in the structure of our export trade are closely related to changes in the geographic distribution of exports. The decline in relative importance of crude materials and of foodstuffs since the pre-World War years has been accompanied by a decline in the proportion of our total exports taken by European

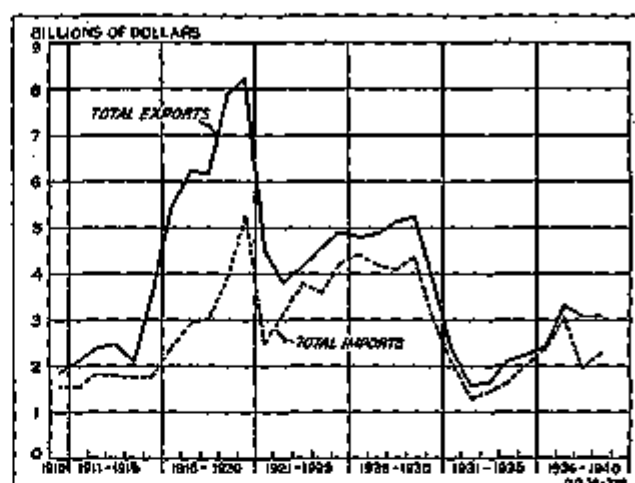


Figure 7.—Value of Total Exports (Including Reexports) and General Imports, Calendar Years 1910-39 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

NOTE.—Figures for 1939 include estimates for December.

countries, which were the principal markets for these products. Shipments to Europe during the 5-year period preceding the present conflict were approximately two-fifths of shipments to all countries; in the period preceding the World War they were three-fifths of the total. The relative importance of exports to all other world areas has increased, the rise in the proportion of exports going to Asia being particularly notable.

Whatever gains or dislocations in foreign trade may be anticipated as a result of the European War, it should be emphasized that exports of crude products are not now of the same importance that they were in 1914 and that trade with Europe, partly for this reason, does not occupy the place that it then did. Behind these facts lie long-run developments with a direct bearing upon the probable course of export trade during the present conflict. Additional major sources of broadstuffs and other agricultural products outside the United States have appeared since 1914, and many of the belligerent countries are themselves more nearly self-sufficient in essential foodstuffs than they were at the time of the World War.

Moreover, it is precisely in the case of the United Kingdom, which must import large quantities of food, that alternative sources of supply have been developed. At the outset of the World War we supplied 20 percent of British imports of food, drink, tobacco, and raw materials. In recent years we have contributed only about 10 percent. In the case of other crude materials as, for example, in the case of minerals, production

outside the United States has been greatly increased since the World War period. These considerations, among others, suggest what is to some extent already evident from trade returns: that any increase in exports to European countries and to the belligerent countries in particular will be concentrated to a considerable degree in manufactured articles. As a matter of fact, it was this category of exports which expanded to the greatest extent during the World War years, although the rise in shipments of foodstuffs was significant for the war period as a whole and especially during the first year.

Table 2.—Percentage Distribution of Value of United States Exports, By Economic Classes, and By Geographic Areas, Selected Periods<sup>1</sup>

[Percent of total]			
Item	1910-14	1918	1935-39
<b>Economic classes:</b>			
Crude materials	22	10	24
Crude foodstuffs	8	9	4
Manufactured foodstuffs	14	23	6
Semi-manufactures	10	18	18
Finished manufactures	31	34	48
Total	100	100	100
<b>Geographic areas:</b>			
Europe	22	22	48
Northern North America	16	15	16
Southern North America	5	7	9
South America	5	5	0
(Latin America)	(14)	(12)	(18)
Asia	8	8	27
Oceania	2	2	2
Africa	1	1	1
Total	100	100	100

<sup>1</sup> Years ended June 30 for 1910-14 and 1935-39; calendar year for 1918.

Source: U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce.

A second factor operating to restrict the great expansion of our exports to the belligerents lies in the economic policies which France and the United Kingdom have adopted. Strict control of foreign trade and repressive fiscal policies were immediately put into effect, in order to minimize nonessential uses of labor, materials, and foreign exchange. Consumption and private investment are being repressed by drastic increases in income and other taxes while the capital markets are under strict control. These measures, by restricting the expansion of incomes and by forcing a reduction in the standard of living, cause a reduction in certain types of imports. In addition the depreciation of sterling impedes the flow of goods into sterling countries from the United States. Imports are being further reduced by direct limitation and, in some cases, absolute prohibition. Cautious and coordinated buying by the Allies contrasts sharply with the competition and duplication which characterized orders during the first part of the last war. It is clear that the Allies intend to limit their expenditures in the United States as much as possible. They are carefully conserving their gold, dollar balances, and securities marketable in the United States to meet the needs which may arise if and as the war develops. Furthermore, they evidently hope to minimize the inflationary effects of war expenditure at home.

The movement of our goods to neutrals is limited by

the controls imposed by the belligerents upon neutral trade, applied with greater severity and at a much earlier stage than in the World War. Blockade and

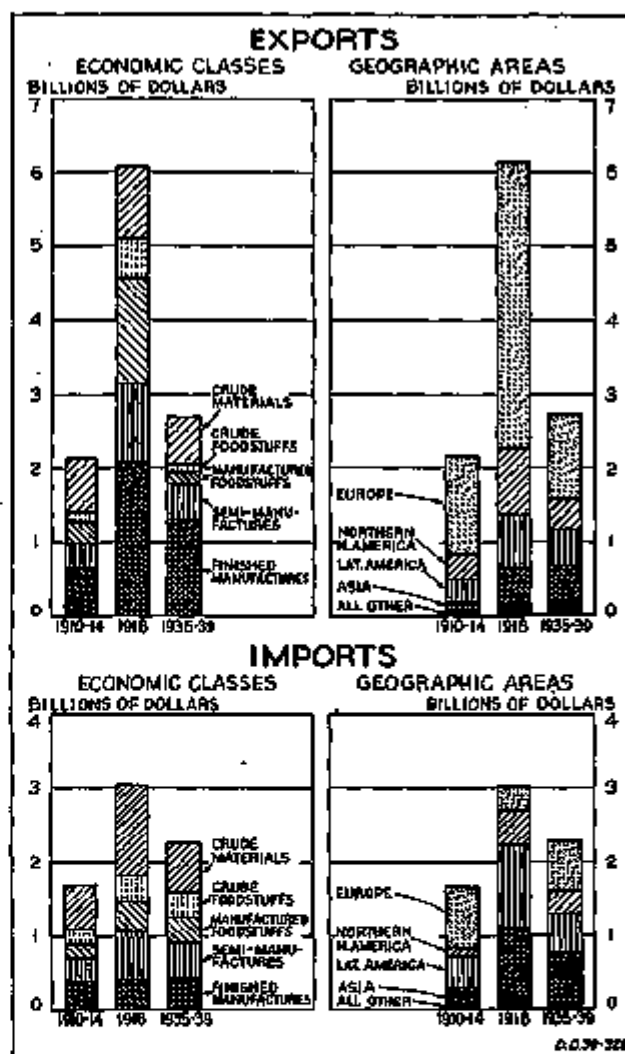


Figure 8.—Value of United States Exports of Merchandise and Imports for Consumption, by Economic Classes, and Total Exports (Including Reexports) and General Imports by Geographic Areas, 1910-14, 1918, and 1935-39 (U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce).

Note.—Data for 1918 are for the calendar year; other data are for fiscal years.

contraband regulations will keep at a minimum our exports to certain of the belligerents as well as to some neutral countries. The existence of substantial accumulated stocks of both war materials and civilian supplies is yet another factor which will presumably restrict the demand for American products in the near future. In a measure, as export statistics during the past several years indicate, the war demand for domestic exports has been already felt. Armament requirements, the building up of reserve stocks, and the generally high rate of industrial activity induced by war preparations have all been reflected in the export trade of the United States.

The foregoing considerations apply particularly to prospective export trade with the European belligerents and with some qualifications to other European coun-

tries also. The prospects of improved trade with non-European countries, belligerent and neutral, turn upon rather different issues. The possibility of an expansion of exports from the United States to such countries as a result of a lessening of trade with Europe, depends, of course, upon the trend of their exports to the United States, upon the disposable proceeds of their total exports, and upon the possibility of borrowing in the United States. The fact that the productive facilities of many of the countries concerned are not in high degree complementary to those of the United States need not constitute an insuperable obstacle in this direction, provided that receipts from shipments to Europe and elsewhere can be freely utilized for making purchases of our goods.

Here it should be noted that the movement of prices,

especially the prices of the primary materials which comprise such a large proportion of the exports of countries outside of Europe, is a factor of primary importance. The boom in the external trade of Latin America during the World War, for example, was in large measure the consequence of a great rise of prices. Aside from the price factor, the experience of the World War period suggests that trade between the United States and Latin-American countries may be expected to increase moderately in the short run and significantly over an extended period of time under the conditions created by war in Europe. An increase over both 1937 and 1938 has occurred in exports from the United States to Canada, and the use of Canadian facilities for the manufacture or processing of war materials may lead to a further marked expansion.